

January 9, 2008

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I am a Barrington business owner, resident, director of the Chamber of Commerce, and member of the Village Plan Commission. I have served on the committee that reviewed alternatives for road traffic improvement in the Barrington Area. As such I have both an interest in the outcome of the Canadian National proposal to buy the EJ&E right of way, and also some experience and insight into the Village, it's plans, its problems, and the impact that the proposed transaction would have on life in Barrington.

I would like to raise here <sup>3</sup> ~~four~~ issues that are critical to assessing the advisability and impact of the Canadian National proposal. Given the short amount of time since the announcement of the open house, I have had limited opportunity to prepare these remarks. I hope that I have not misstated any facts of significance, but I am reasonably sure that the sense of these points is accurate and worthy of the Board's consideration. Thank you for taking time to review this.

**1. Canadian National knew that its plans would cause substantial damage to the people of Barrington. Someone should be watching out for those people.**

I believe that Canadian National made its deal for the EJ&E with full knowledge of the detrimental impact that its plans would have upon the communities along the EJ&E right of way. You can spot several indications of this fact in a number of sources. Here are two examples: 1) The contract documents give EJ&E a chance to walk away from this deal without liability for damages, indicating that EJ&E knows that the success of this transaction is doubtful, most likely because there are legitimate reasons for public opposition. 2) I have been told of conversations between Canadian National officials and Village of Barrington officials in which it seemed clear that CN had already researched the objections which it knew it would face and was already marshalling arguments designed to rebut its opponents. CN knows that it will face opposition because it knows that its actions will have harmful consequences for the people who live along its proposed right of way. It is clear that Canadian National entered into this transaction with knowledge of the damage that it would cause and with the intent to consummate the transaction in disregard of that damage.

I have been told, perhaps unfairly, that it is not the job of the STB to protect the rights and interests of United States Citizens from the kind of harm that Canadian National intends. I hope that I am misinformed; but, in any event, I have to ask, if

~~the STB does not intend to protect the public, who does? In this country we have laws that would require Canadian National to consider the impact of its plans on animals, plants, wetlands, mountains, lakes, and streams. Is the destruction of communities populated by the citizens of this country not worthy of the same dignity and consideration as the destruction of protected environments? I hope that somewhere in this process someone will say, "It may not be part of my job description, but if human beings who happen to be U.S. Citizens are going to be harmed by this proposal, I'm going to do something about it."~~

**2. There is a much easier alternative, and Canadian National is aware of it.**

I have had an opportunity to speak to an expert who has spent his career in responsible management positions with the Chicago Northwestern Railway and Union Pacific. He is very knowledgeable of the geography of railroad rights of way, switches, and facilities in the Chicago area. I've spent considerable time looking over a map of Chicago railroads under his direction.

I am told that Canadian National could, *and, in fact, has in the past* utilized other available routes to avoid the lakefront congestion that the proposed EJ&E deal is designed to address.

Specifically, there is a route along existing tracks of the Belt Railway of Chicago that could link Canadian National trains to Canadian National's Illinois Central and South Bend subdivisions along a route that already has the capacity to accommodate them. The length of the route would be less than ten miles. Compare this option to the 50 or 60 miles of EJ&E right of way that Canadian National now proposes to expand and the number of communities that would be affected. Here is a known, viable alternative to the human damage of the Canadian National plan. I am told that Canadian National prefers not to pay trackage rights to the Belt Railway of Chicago. I suggest that \$300,000,000 buys a lot of trackage rights and would avoid the problems that Canadian National's present plan would cause.

**3. Canadian National's problems could be solved by the CREATE project. The nation's rail system would benefit more from an investment in CREATE than from a purchase of the EJ&E.**

Why solve a problem willy-nilly and piecemeal when everyone seems to agree that there is a better alternative?

For four years the City of Chicago, the State of Illinois, the United States Government, and seven competing rail lines have been working on the launch of the CREATE program for improving throughput of Chicago rail traffic. The cost of the program is estimated at \$1.2 billion. To date, Canadian National has invested no more than one million dollars in the project. Instead, Canadian National is doing an end-around the CREATE project by spending \$300,000,000 to buy the EJ&E.

Canadian National thinks that the value of avoiding Chicago's rail congestion is at least \$300,000,000 plus the cost of track improvements. That much is manifest by virtue of Canadian National's proposal to buy and "improve" the EJ&E. One can only begin to imagine what the public's benefit would be if the congestion problem were solved for all of the rail carriers who must pass through Chicago.

Funding is the only thing standing in the way of CREATE's progress. Everyone is waiting for the federal government to come up with a billion dollars. Why are they waiting? Given the stakes, the railroads should take up a larger share of the burden and solve the problem instead of exporting it to communities like ours.

There are real perils here for American railroads. If Canadian National solves its problem as a free agent, what happens to CREATE? With its problem solved, why would Canadian National push CREATE in a meaningful way? Can CREATE survive without the support of such a major player?

What may be wonderful for Canadian National shareholders may not be so great for the efficiency and competitiveness of American goods and services or for the rail industry as a whole.

Human cost is one thing, and I can do no more than suggest that it should be considered in this forum; but STB has an unquestionable right to protect the American rail industry. CREATE is the best thing for the American rail industry, and STB should send Canadian National back to the drawing board with orders to get its money behind CREATE.

### 3 4. Three years is not the future.

In 1908 Barrington had wooden sidewalks and a few hundred residents. Railroad rights of way could be carved through the surrounding prairie with little difficulty. Nobody objected because nobody was there.

In a hundred years everything changed. Today Barrington is home to 10,000 people. It is the commercial hub for a population approaching 50,000. It's town center is the largest historic district in the state of Illinois. It is worth saving.

I'm told that Canadian National need demonstrate the impacts of its plan for only three years. Canadian National is said to claim that it intends to run only 20 trains per day on its newly acquired bypass.

Everyone should realize that Canadian National plans to send far more than 20 trains a day through the village of Barrington. The Association of American Railroads estimates that current train traffic through Chicago amounts to ~~3500~~ <sup>35,000</sup> cars per day. In twenty years, the Association states, that number will nearly double. With a free hand, Canadian National will send not twenty but sixty trains per day along the EJ&E tracks. This will happen soon, probably within the three year

window. In twenty years we will have over 100 trains rolling through the center of town. In a hundred years?

Three years is not the future. The people who live in this town have worked to make it viable for as long as there are people living here. The town cannot survive as a home for families and as a commercial center with dozens and dozens of trains rolling through at grade every day. As the town deteriorates, the quality of life for all surrounding residents will diminish. The historic district will deteriorate, and, in all likelihood, disappear. It won't happen in three years, but it may happen in 20.

Let us not turn this process into an object lesson in American myopia. If Canadian National wishes to buy an asset that will last as long as the world lasts, then it must make the investments necessary to protect its neighbors. STB should be thinking not in terms of the immediate future but in terms of the limitless future. How can any other approach be responsible?

Thank you for taking the time to consider my comments. I hope that the concerns raised above will be investigated and considered as part of the process.

Sincerely,

Edward McCauley  
President  
McCauley Design, Inc.